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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF LAW AND JUSTICE
(Legislative Department)

New Delhi, the 1st June, 1985/*Jyaistha* 11, 1907 (*Saka*)

The following Act of Parliament received the assent of the President on the 1st June, 1985, and is hereby published for general information:—

THE SECURITIES CONTRACTS (REGULATION) AMENDMENT ACT, 1985

No. 40 of 1985

[1st *June,* 1985.]

An Act further to amend the Securities Contracts (Regulation) Act, 1956.

BE it enacted by Parliament in the Thirty-sixth Year of the Republic of India as follows:—

Short title and commencement.

42 of 1956.

1. (*1*) This Act may be called the Securities Contracts (Regulation) Amendment Act, 1985.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Insertion of new section 22A.

2. In the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the principal Act), after section 22, the following section shall be inserted, namely:—

Free transferability and registration of transfers of listed securities of companies.

'22A. (*1*) In this section, unless the context otherwise requires,—

(*a*) "company" means a company whose securities are listed on a recognised stock exchange;

(*b*) "security" means security of a company, being a security listed on a recognised stock exchange but not being a

security which is not fully paid up or on which the company has a lien;

(c) all other words and expressions used in this section and not defined in this Act but defined in the Companies Act, 1956 shall have the same meanings as are assigned to them in that Act. 1 of 1956.

(2) Subject to the provisions of this section, securities of companies shall be freely transferable.

(3) Notwithstanding anything contained in its articles or in section 82 or section 111 of the Companies Act, 1956, but subject to the other provisions of this section, a company may refuse to register the transfer of any of its securities in the name of the transferee on any one or more of the following grounds and on no other ground, namely:— 1 of 1956.

(a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the company or that any other requirement under the law relating to registration of such transfer has not been complied with;

(b) that the transfer of the security is in contravention of any law;

(c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interests of the company or to the public interest;

(d) that the transfer of the security is prohibited by any order of any court, tribunal or other authority under any law for the time being in force.

(4) A company shall, before the expiry of two months from the date on which the instrument of transfer of any of its securities is lodged with it for the purposes of registration of such transfer, not only form, in good faith, its opinion as to whether such registration ought not or ought to be refused on any of the grounds mentioned in sub-section (3) but also—

(a) if it has formed the opinion that such registration ought not to be so refused, effect such registration;

(b) if it has formed the opinion that such registration ought to be refused on the ground mentioned in clause (a) of sub-section (3), intimate the transferor and the transferee by notice in the prescribed form about the requirements under the law which has or which have to be complied with for securing such registration; and

(c) in any other case, make a reference to the Company Law Board and forward copies of such reference to the transferor and the transferee.

(5) Every reference under clause (c) of sub-section (4), shall be in the prescribed form and contain the prescribed particulars and

shall be accompanied by the instrument of transfer of the securities to which it relates, the documentary evidence, if any, furnished to the company along with the instrument of transfer, and evidence of such other nature and such fees as may be prescribed.

(6) On receipt of a reference under sub-section (4), the Company Law Board shall, after causing reasonable notice to be given to the company and also to the transferor and the transferee concerned and giving them a reasonable opportunity to make their representations, if any, in writing by order direct either that the transfer shall be registered by the company or that it need not be registered by it.

(7) Where on a reference under sub-section (4) the Company Law Board directs that the transfer of the securities to which it relates—

(a) shall be registered by the company, the company shall give effect to the direction within ten days of the receipt of the order as if it were an order made on appeal by the Company Law Board in exercise of the powers under section 111 of the Companies Act, 1956; 1 of 1956.

(b) need not be registered by the company, the company shall, within ten days from the date of such direction, intimate the transferor and the transferee accordingly.

(8) If default is made in complying with the provisions of this section, the company and every officer of the company who is in default shall be punishable with fine which may extend to five thousand rupees.

(9) If in any reference made under clause (c) of sub-section (4) of this section, any person makes any statement—

(a) which is false in any material particular, knowing it to be false; or

(b) which omits any material fact knowing it to be material, he shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

(10) For the removal of doubts, it is hereby provided that nothing in this section shall apply in relation to any securities the instrument of transfer in respect whereof has been lodged with the company before the commencement of the Securities Contracts (Regulation) Amendment Act, 1985.'.

3. In section 24 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely — Amendment of section 24.

"(3) The provisions of this section shall be in addition to, and not in derogation of, the provisions of section 22A.".

4. In section 30 of the principal Act, in sub-section (2),— Amendment of section 30.

(a) in clause (h), the word "and" occurring at the end shall be omitted;

(*b*) after clause (*h*), the following clause shall be inserted, namely:—

"(*ha*) the form in which a notice referred to in sub-clause (*b*) of sub-section (*4*) of section 22A shall be, the particulars which such notice shall contain, the form in which a reference under clause (*c*) of the said sub-section (*4*) shall be, the particulars which such reference shall contain, and the evidence and the fees which shall accompany such reference; and".

R. V. S. PERI SASTRI,
Secy. to the Govt. of India.

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